

FDIC State Profile

Fall 2005

Wyoming

Wyoming avoided a recession-related downturn and will likely continue to perform well.

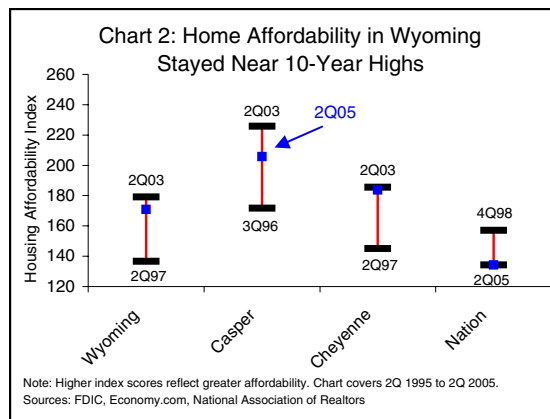
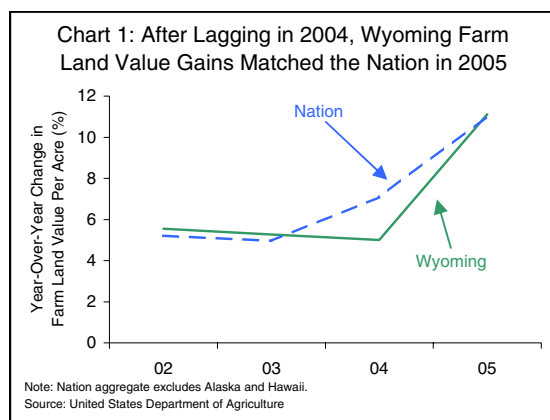
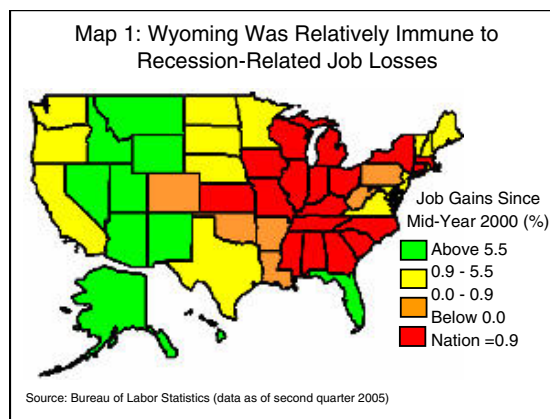
- Wyoming was one of only five states in the nation that did not lose jobs on net during the 2001 recession, in large part because of robust job gains in the government and education and health services sectors (see Map 1).
- Although annual job growth was relatively stable in Wyoming between the first and second quarters of 2005, the state regained its spot in the top ten nationally. Record energy prices positively affected the mining sector, which added about 40 percent of new jobs.
- Forecasts indicate continued strength for Wyoming employment throughout the remainder of 2005, as higher mining-related tax revenues translated into increased government hiring and state-initiated construction.¹
- Recent hurricanes may have implications for the Wyoming economy. Post hurricane reconstruction in the Southeast may create labor and construction supply pressures. Although energy price increases may have some adverse effects on consumer demand and tourism, rising oil prices likely will benefit the important energy and government sectors.

Although low relative to the nation, Wyoming farm land values showed a solid increase in 2005.

- Wyoming farm land values improved in 2005 in response to low interest rates, favorable product returns, and increased demand for nonagricultural uses (see Chart 1).
- Notwithstanding the positive outlook, Wyoming land values per acre remained second lowest in the nation, in part because of the volume of rangeland. However, land price gains matched the nation in 2005.

Home prices rose moderately and affordability remained above the national average in Wyoming.

- Second quarter home prices rose by over 11 percent on an annual basis in Wyoming, slightly below the national average, and by more than 15 percent in Casper.² Second



¹Based on Economy.com forecast.

²According to Office of Federal Housing Enterprise Oversight data.

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quarter housing affordability approached ten-year highs in Wyoming and **Cheyenne**. (see Chart 2).³

- However, near record-high permitting in the first half of 2005 and in 2004 will likely increase the supply of new homes and may slow home price appreciation.

Bankruptcy filings are on the radar.

- Second quarter personal bankruptcy filings in Wyoming spiked 9 percent year-over-year because of pending bankruptcy law changes. Filings remained comparable to the nation on a per capita basis but somewhat higher than pre-recession levels (see Chart 3).
- Average credit scores in Wyoming continued to exceed the nation at mid-year 2005, and consumer loan delinquencies were near historical lows.⁴ However, should interest rates rise or energy prices remain elevated, institutions could experience an uptick in consumer loan delinquencies.

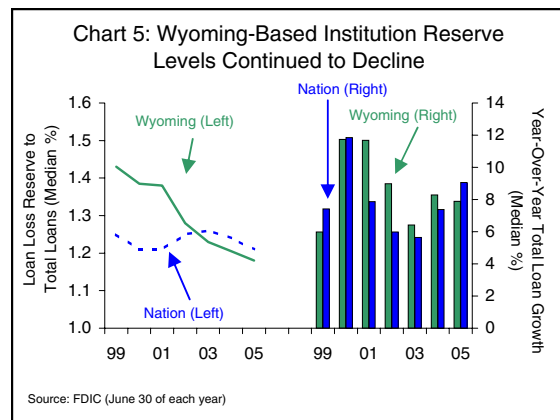
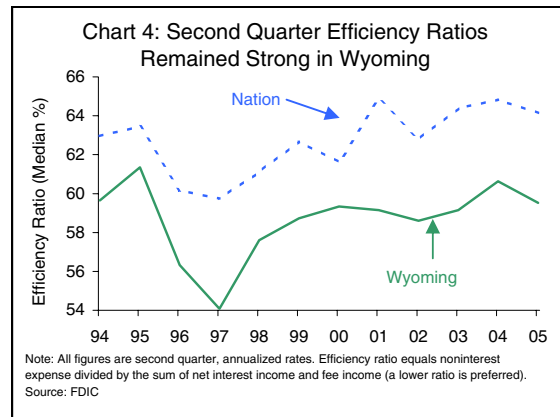
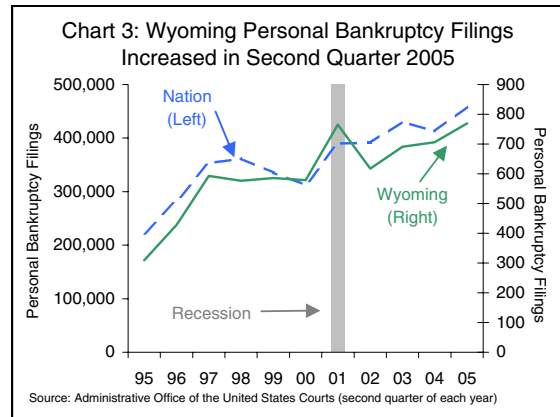
Insured institution earnings improved.

- Stronger noninterest income and reduced provision expenses benefited second quarter pre-tax return on assets ratios among Wyoming-based institutions. Profits and efficiency ratios improved despite weaker net interest income and overhead expense performance.⁵
- Efficiency ratios (the share of net operating revenues absorbed by overhead expenses) improved mildly year-over-year and ranked sixth best in the nation, in part because of the low cost of doing business in the state (see Chart 4).
- However, higher interest rates, a flattening yield curve, and rising past-due loans could pressure future margins, provision expense requirements, and efficiency ratios.

Delinquency trends diverged across Wyoming.

- Past-due loan levels increased among Wyoming-based institutions during second quarter 2005, primarily in commercial and industrial and commercial real estate portfolios. Wyoming ranked eighth highest in the nation for past-due loans.
- Banks based in Northeast and Southwest Wyoming reported increasing delinquencies, while institutions in the Central-Southeast and Northwest areas, home to 55 percent of Wyoming banks, generally saw improvement.⁶

- Additionally, loan loss reserves relative to total loans trended downward, slightly below the national level (see Chart 5). Lower year-to-date provision expenses contributed, in part, to the decline.



³According to Economy.com and National Association of Realtors data.

⁴As measured by Experian (<http://www.nationalscoreindex.com/>).

⁵The efficiency ratio equals noninterest expense (overhead) divided by the sum of net interest income and noninterest income.

⁶For purposes of this article, Central-Southeast Wyoming (8 counties) includes the Cheyenne, Casper, and Laramie markets; Northeast Wyoming (5 counties) includes the Gillette and Sheridan

areas; Northwest Wyoming (5 counties) includes the Riverton market; and Southwest Wyoming (5 counties) includes the Evanston, Jackson, and Rock Springs markets.

Wyoming at a Glance

ECONOMIC INDICATORS (Change from year ago, unless noted)

Employment Growth Rates	Q2-05	Q1-05	Q2-04	2004	Q2-04
Total Nonfarm (share of trailing four quarter employment in parentheses)	2.2%	2.4%	2.5%	2.1%	0.9%
Manufacturing (4%)	-0.4%	2.2%	2.2%	1.6%	-1.8%
Other (non-manufacturing) Goods-Producing (16%)	7.2%	7.5%	5.7%	4.1%	-0.1%
Private Service-Producing (56%)	1.9%	2.0%	1.9%	1.9%	1.1%
Government (25%)	0.4%	0.4%	2.0%	1.7%	1.3%
Unemployment Rate (% of labor force)	3.8	3.1	3.8	3.9	4.4

Other Indicators	Q2-05	Q1-05	Q2-04	2004	Q2-04
Personal Income	8.1%	7.7%	7.2%	6.8%	4.8%
Single-Family Home Permits	13.6%	11.2%	20.2%	30.7%	9.6%
Multifamily Building Permits	-20.1%	-28.7%	4.7%	83.9%	-3.2%
Existing Home Sales	13.7%	19.8%	3.5%	15.8%	7.5%
Home Price Index	11.4%	11.7%	8.2%	9.5%	6.3%
Bankruptcy Filings per 1000 people (quarterly annualized level)	6.16	4.42	5.67	4.92	4.53

BANKING TRENDS

General Information	Q2-05	Q1-05	Q2-04	2004	Q2-04
Institutions (#)	44	44	44	44	46
Total Assets (in millions)	5,830	5,739	5,324	5,688	5,561
New Institutions (# < 3 years)	1	1	1	1	1
Subchapter S Institutions	24	24	20	20	21

Asset Quality	Q2-05	Q1-05	Q2-04	2004	Q2-04
Past-Due and Nonaccrual Loans / Total Loans (median %)	1.85	1.44	1.53	1.73	2.00
ALLL/Total Loans (median %)	1.18	1.22	1.20	1.18	1.20
ALLL/Noncurrent Loans (median multiple)	2.70	1.57	1.34	1.46	1.47
Net Loan Losses / Total Loans (median %)	0.00	0.00	0.02	0.06	0.07

Capital / Earnings	Q2-05	Q1-05	Q2-04	2004	Q2-04
Tier 1 Leverage (median %)	8.92	9.11	8.94	8.90	8.61
Return on Assets (median %)	1.37	1.26	1.27	1.25	1.32
Pretax Return on Assets (median %)	1.84	1.62	1.59	1.47	1.59
Net Interest Margin (median %)	4.27	4.17	4.34	4.34	4.22
Yield on Earning Assets (median %)	6.03	5.83	5.79	5.78	5.74
Cost of Funding Earning Assets (median %)	1.61	1.46	1.30	1.32	1.52
Provisions to Avg. Assets (median %)	0.09	0.08	0.13	0.12	0.10
Noninterest Income to Avg. Assets (median %)	0.58	0.53	0.51	0.49	0.59
Overhead to Avg. Assets (median %)	2.74	2.81	2.68	2.80	2.90

Liquidity / Sensitivity	Q2-05	Q1-05	Q2-04	2004	Q2-04
Loans to Assets (median %)	65.5	63.4	65.3	64.0	59.9
Noncore Funding to Assets (median %)	17.9	18.7	16.8	18.1	16.5
Long-term Assets to Assets (median %, call filers)	13.5	14.3	14.8	14.5	18.0
Brokered Deposits (number of institutions)	13	13	13	15	13
Brokered Deposits to Assets (median % for those above)	2.3	2.3	3.2	1.8	2.0

Loan Concentrations (median % of Tier 1 Capital)	Q2-05	Q1-05	Q2-04	2004	Q2-04
Commercial and Industrial	126.7	130.4	124.9	131.4	133.4
Commercial Real Estate	180.5	180.3	179.3	178.1	171.5
<i>Construction & Development</i>	41.9	35.8	33.6	34.6	32.2
<i>Multifamily Residential Real Estate</i>	3.4	3.8	2.9	3.6	2.6
<i>Nonresidential Real Estate</i>	134.8	132.1	123.9	123.2	113.4
Residential Real Estate	105.6	102.8	107.7	105.7	103.2
Consumer	49.0	48.1	53.9	53.4	56.7
Agriculture	62.8	64.6	91.6	68.0	94.4

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Casper, WY	7	934	< \$250 million	38 (86.4%)
Cheyenne, WY	14	916	\$250 million to \$1 billion	6 (13.6%)
			\$1 billion to \$10 billion	0 (0%)
			> \$10 billion	0 (0%)